

**COUNTY CASE MANAGEMENT SERVICES**

**FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITOR'S REPORT**

**JUNE 30, 2004 AND 2003**

## COUNTY CASE MANAGEMENT SERVICES

### Officials

<u>Name</u>	<u>Title</u>	<u>Representing</u>
Tim Hoschek	Chairperson	Des Moines County
Sally Stutsman	1 <sup>st</sup> Vice Chairperson	Johnson County
Naomi Christensen	2 <sup>nd</sup> Vice Chairperson	Mills County
Cy McDonald	Member	Des Moines County
Betty Moat	Member	Pottawattamie County
Caye Chelesvig	Member	Wright County
James Gustafson	Member	Buena Vista County
Mary Jo Wilhelm	Member	Howard County
Harlan Hansen	Member	Humboldt County
Keith Hickey	Member	Fremont County
Angela Connolly	Member	Polk County

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## INDEPENDENT AUDITOR'S REPORT

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Michael W. McNichols, CPA  
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John A. Schmidt, CPA  
Daniel A. Schwarz, CPA  
S. James Smith, CPA

To the Board of Directors of  
County Case Management Services

We have audited the accompanying statements of financial position of County Case Management Services as of June 30, 2004 and 2003, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America, Chapter 11 of the Code of Iowa, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards and provisions require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of County Case Management Services as of June 30, 2004 and 2003, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note F, during the year ended June 30, 2004, County Case Management Services adopted Governmental Accounting Standards Board Statement No. 34, *Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*; Statement No. 37, *Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus*; and Statement No. 38, *Certain Financial Statement Note Disclosures*.

In accordance with *Government Auditing Standards*, we have also issued our report, dated July 30, 2004, on our consideration of County Case Management Services' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's Discussion and Analysis on pages 2 through 5 is not a required part of the financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. We did not audit the information and express no opinion thereon.

*McGowen Hurst, Clark & Smith, P.C.*

West Des Moines, Iowa  
July 30, 2004

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## **COUNTY CASE MANAGEMENT SERVICES** **MANAGEMENT'S DISCUSSION AND ANALYSIS**

County Case Management Services provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2004. We encourage readers to consider this information in conjunction with the Organization's financial statements, which follow.

### **FINANCIAL HIGHLIGHTS**

- The Organization's operating revenues decreased 1%, or \$5,532, from fiscal 2003 to fiscal 2004. Member dues and services and interest income increased while registration fees decreased.
- The Organization's operating expenses were 2%, or \$8,982, more in fiscal 2004 than in fiscal 2003.
- The Organization's net assets increased 6%, or \$32,989, from June 30, 2003 to June 30, 2004.

### **USING THIS ANNUAL REPORT**

The County Case Management Services is a single Enterprise Fund and presents its financial statements using the economic resources measurement focus and accrual basis of accounting which is the same measurement focus and basis of accounting employed by private sector business enterprises. This discussion and analysis are intended to serve as an introduction to County Case Management Services' financial statements. The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the financial statements and provides an analytical overview of the Organization's financial activities.

The Statement of Financial Position presents information on the Organization's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Organization is improving or deteriorating.

The Statement of Activities presents information on the Organization's operating revenues and expenses, non-operating revenues and expenses and whether the Organization's financial position has improved or deteriorated as a result of the year's activities.

The Statement of Cash Flows presents the change in the Organization's cash and cash equivalents during the year. This information can assist the user of the report in determining how the Organization financed its activities and how it met its cash requirements.

The Notes to Financial Statements provide additional information essential to a full understanding of the data provided in the financial statements.

**COUNTY CASE MANAGEMENT SERVICES**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**FINANCIAL ANALYSIS OF THE ORGANIZATION**

*Statement of Financial Position*

As noted earlier, net assets may serve over time as a useful indicator of the Organization's financial position. The Organization's net assets for fiscal 2004 totaled approximately \$580,300. This compares to approximately \$547,300 for fiscal 2003. A summary of the Organization's net assets is presented below.

	June 30,	
	2004	2003
Cash	\$ 60,615	\$ 109,831
Accounts receivable	69,108	55,106
Certificates of deposit	448,763	359,569
Capital assets at cost, less accumulated depreciation	32,908	50,115
Total assets	611,394	574,621
Due to Iowa State Association of Counties	\$ 31,122	\$ 27,223
Accounts payable	-	115
Total liabilities	31,122	27,338
Total net assets	\$ 580,272	\$ 547,283

All of the Organization's net assets are unrestricted net assets that can be used to meet the Organization's obligations as they come due.

**COUNTY CASE MANAGEMENT SERVICES**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**FINANCIAL ANALYSIS OF THE ORGANIZATION, continued**

*Statement of Activities*

Operating revenues are received for county membership dues and service revenue, as well as registration fees. Operating expenses are expenses paid to provide technical assistance and training to member counties relating to case management of the chronically mentally ill, mentally retarded and developmentally disabled in Iowa. Non-operating revenues include interest income. A summary of revenues, expenses and changes in net assets for the years ended June 30, 2004 and 2003 is presented below:

		Changes in Net Assets	
		Year ended June 30,	
		2004	2003
Revenue			
Member dues and services		\$ 393,038	\$ 392,647
Registration fees		38,685	47,077
Interest income		4,416	1,947
Total revenue		436,139	441,671
Expenses			
Salaries and fringe benefits		243,874	229,042
Professional fees		2,850	5,577
Staff travel and training		22,862	18,079
Conference facility expenses		32,967	37,079
Outside speakers' fees		8,334	13,352
Board of Directors' meeting expenses		4,750	6,256
Insurance		7,906	7,762
Office expense		47,727	44,615
Depreciation		18,906	19,095
Office space lease		12,667	12,323
Miscellaneous		307	988
Total expenses		403,150	394,168
Increase in unrestricted net assets		32,989	47,503
Unrestricted net assets, beginning of year		547,283	499,780
Unrestricted net assets, end of year		\$ 580,272	\$ 547,283

The Statement of Activities reflects an increase in net assets at the end of the fiscal year. In fiscal 2004, operating revenues decreased by \$5,532 or 1%, primarily a result of a decrease in registration fees collected. Operating expenses increased by \$8,982, or 2%, primarily as a result of increased salaries and fringe benefits.

**COUNTY CASE MANAGEMENT SERVICES**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**FINANCIAL ANALYSIS OF THE ORGANIZATION, continued**

*Statement of Cash Flows*

The Statement of Cash Flows presents information related to cash inflows and outflows, summarized by operating and related financing and investing activities. Cash provided by operating activities includes member dues, service revenues and registration fees, reduced by payments to employees, as well as payments related to meetings and conferences. Cash used by investing activities primarily includes the purchase of certificates of deposit.

**CAPITAL ASSETS**

At June 30, 2004, the Organization had approximately \$32,900 invested in capital assets, net of accumulated depreciation of approximately \$82,000. Depreciation charges totaled \$18,906 for fiscal 2004. More detailed information about the Organization's capital assets is presented in Note A to the financial statements.

**ECONOMIC FACTORS**

County Case Management Services continued to improve its financial position during the current fiscal year. However, the current condition of the economy in the state continues to be a concern for Organization officials.

The greatest economic threat to the continuation of this program would be changes in either federal or state regulations regarding the use of funds to pay for the cost of administrative support services. This program exists to more efficiently use resources in providing services to individuals with disabilities. General disruptions in funding or significant programmatic changes could eliminate the need for this program. However, while program changes occur over time, the abandonment of funding or the complete elimination of these types of services is highly unlikely.

The Organization anticipates the current fiscal year will be much like the last and will maintain a close watch over resources to maintain the Organization's ability to react to unknown issues.

**CONTACTING THE ORGANIZATION'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our Board of Directors and management with a general overview of the Organization's finances and to show the Organization's accountability for the money it receives. If you have questions about this report or need additional financial information, contact County Case Management Services, 501 SW 7<sup>th</sup> Street, Suite Q, Des Moines, Iowa.



**COUNTY CASE MANAGEMENT SERVICES**  
**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2004 AND 2003**

**ASSETS**

	2004	2003
Cash	\$ 60,615	\$ 109,831
Accounts receivable	69,108	55,106
Certificates of deposit	448,763	359,569
Property and Equipment		
Office furniture and equipment	106,825	105,125
Leasehold improvements	8,130	8,130
	<u>114,955</u>	<u>113,255</u>
Less accumulated depreciation	<u>(82,047)</u>	<u>(63,140)</u>
Net property and equipment	<u>32,908</u>	<u>50,115</u>
<b>Total assets</b>	<b><u>\$ 611,394</u></b>	<b><u>\$ 574,621</u></b>

**LIABILITIES AND NET ASSETS**

Due to Iowa State Association of Counties	\$ 31,122	\$ 27,223
Accounts payable	<u>-</u>	<u>115</u>
<b>Total liabilities</b>	31,122	27,338
Net assets - unrestricted	<u>580,272</u>	<u>547,283</u>
<b>Total liabilities and net assets</b>	<b><u>\$ 611,394</u></b>	<b><u>\$ 574,621</u></b>

The accompanying notes are an integral part of these financial statements.

**COUNTY CASE MANAGEMENT SERVICES**  
**STATEMENTS OF ACTIVITIES**  
**YEARS ENDED JUNE 30, 2004 AND 2003**

	2004	2003
<b>REVENUE</b>		
Member dues and services	\$ 393,038	\$ 392,647
Registration fees	38,685	47,077
Interest income	4,416	1,947
<b>Total revenues</b>	<u>436,139</u>	<u>441,671</u>
<b>EXPENSES</b>		
Salaries and fringe benefits	243,874	229,042
Professional fees	2,850	5,577
Staff travel and training	22,862	18,079
Conference facility expenses	32,967	37,079
Outside speakers' fees	8,334	13,352
Board of Directors' meeting expenses	4,750	6,256
Insurance	7,906	7,762
Office expense	47,727	44,615
Depreciation	18,906	19,095
Office space lease	12,667	12,323
Miscellaneous	307	988
<b>Total expenses</b>	<u>403,150</u>	<u>394,168</u>
<b>INCREASE IN UNRESTRICTED NET ASSETS</b>	32,989	47,503
<b>UNRESTRICTED NET ASSETS, beginning of year</b>	<u>547,283</u>	<u>499,780</u>
<b>UNRESTRICTED NET ASSETS, end of year</b>	<u><u>\$ 580,272</u></u>	<u><u>\$ 547,283</u></u>

The accompanying notes are an integral part of these financial statements.

**COUNTY CASE MANAGEMENT SERVICES**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED JUNE 30, 2004 AND 2003**

	<u>2004</u>	<u>2003</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase in net assets	\$ 32,989	\$ 47,503
Adjustments to reconcile increase in net assets to net cash provided by operations:		
Depreciation	18,906	19,095
Changes in:		
Accounts receivable	(13,196)	2,535
Accounts payable	(115)	(706)
Amount due to Iowa State Association of Counties	3,899	(6,076)
Net cash provided by operating activities	<u>42,483</u>	<u>62,351</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of property and equipment	(1,699)	(8,144)
Purchase of certificates of deposit	<u>(90,000)</u>	<u>(360,000)</u>
Net cash used by investing activities	<u>(91,699)</u>	<u>(368,144)</u>
 Net decrease in cash	 (49,216)	 (305,793)
 CASH, beginning of year	 <u>109,831</u>	 <u>415,624</u>
 CASH, end of year	 <u><u>\$ 60,615</u></u>	 <u><u>\$ 109,831</u></u>

The accompanying notes are an integral part of these financial statements.

**COUNTY CASE MANAGEMENT SERVICES**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Organization - County Case Management Services (CCMS) was established and duly organized under the provisions of Chapter 28E of the Iowa Code. CCMS provides technical assistance and training to member counties relating to case management of the chronically mentally ill, mentally retarded and developmentally disabled in Iowa.

Income Tax Status - CCMS was formed as a joint venture between the participating member counties and the Iowa State Association of Counties and is exempt from income taxes. Accordingly, no provision for income taxes has been provided in the financial statements.

Property and Equipment - Property and equipment are stated at cost. Depreciation is provided by straight-line method over the estimated economic useful lives of the assets, ranging from five to seven years.

Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents - The Organization considers all highly liquid debt instruments with an original maturity of three months or less to be cash equivalents.

Certificates of Deposit - The Organization holds certificates of deposit with various financial institutions. These certificates of deposit mature through September 2005 and bear interest at rates ranging from 1.45% - 2.50%.

Credit Risks - Accounts receivable arise from billings for services provided to participating counties throughout Iowa. Based on its review of the receivables, management believes no allowance for doubtful accounts is necessary.

CCMS has invested funds totaling \$13,384 in money market accounts not insured by FDIC. The credit risk is managed by maintaining all deposits in high quality financial institutions who have pledged assets against these deposits.

**NOTE B - DUE TO IOWA STATE ASSOCIATION OF COUNTIES**

Certain expenses associated with the case management program are paid by the Iowa State Association of Counties (ISAC) on behalf of CCMS and then reimbursed to ISAC. Types of expenses allocated to CCMS include salaries, payroll taxes, fringe benefits, supplies, rent, utilities and travel expenses. Amounts owed to ISAC are non-interest bearing and are repaid on a monthly basis.

**COUNTY CASE MANAGEMENT SERVICES**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE C - PENSION PLAN**

CCMS has a defined contribution pension plan in which all employees are eligible to participate. The plan is funded through purchase of annuity contracts. Employer contributions are based upon length of employment. Employee contributions are voluntary, but to receive the employer contribution, the employee must contribute an amount equal to the lesser of the determined employer contribution or \$1,000. Employer contributions were \$4,417 and \$4,675 for 2004 and 2003, respectively.

**NOTE D - LEASE**

The Organization leases its office space from ISAC on a month-to-month basis. Improvements made to the office space, however, are amortized over seven years. The Organization does not anticipate changing office locations in the near future due to its close relationship with ISAC.

**NOTE E - FUNCTIONAL EXPENSES**

The costs of providing case management services include salaries and related expenses and other direct expenses such as staff travel and training as well as conference expenses, including outside speaker fees. Management and general expenses include all executive, financial administration, information systems, and building rents and maintenance expenses.

Following is a summary of CCMS's functional expenses for the years ended June 30, 2004 and 2003:

	<u>2004</u>	<u>2003</u>
Program expenses	\$ 308,037	\$ 297,552
General and administration	95,113	96,616
	<u>\$ 403,150</u>	<u>\$ 394,168</u>

**NOTE F - ACCOUNTING CHANGE**

During the year ended June 30, 2004, the Organization implemented Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*; Statement No. 37, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus*; and Statement No. 38, *Certain Financial Statement Note Disclosures*.

Implementation of these statements had no effect on the beginning balances of the Organization.



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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors of  
County Case Management Services

We have audited the financial statements of County Case Management Services as of and for the year ended June 30, 2004, and have issued our report thereon dated July 30, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, Chapter 11 of the Code of Iowa and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether County Case Management Services' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Comments involving statutory and other legal matters about the Organization's operations for the year ended June 30, 2004 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the Organization. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. Comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

**Internal Control over Financial Reporting**

In planning and performing our audit, we considered County Case Management Services' internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operations that we consider to be material weaknesses.

This report is intended solely for the information and use of the Board of Directors and the Organization's management and is not intended to be and should not be used by anyone other than these specified parties.

*McGowen, Hurst, Clark & Smith, P.C.*  
West Des Moines, Iowa  
July 30, 2004

**COUNTY CASE MANAGEMENT SERVICES**  
**SCHEDULE OF FINDINGS**  
**YEAR ENDED JUNE 30, 2004**

**Findings Related to the Financial Statements**

**Instances of non-compliance**

No matters were noted.

**Reportable conditions**

No matters were noted.

**Other findings related to required statutory reporting**

No matters were noted.